ROCKLIN SALES TAX

Third Quarter Receipts for Second Quarter Sales (April - June 2005)

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In Brief

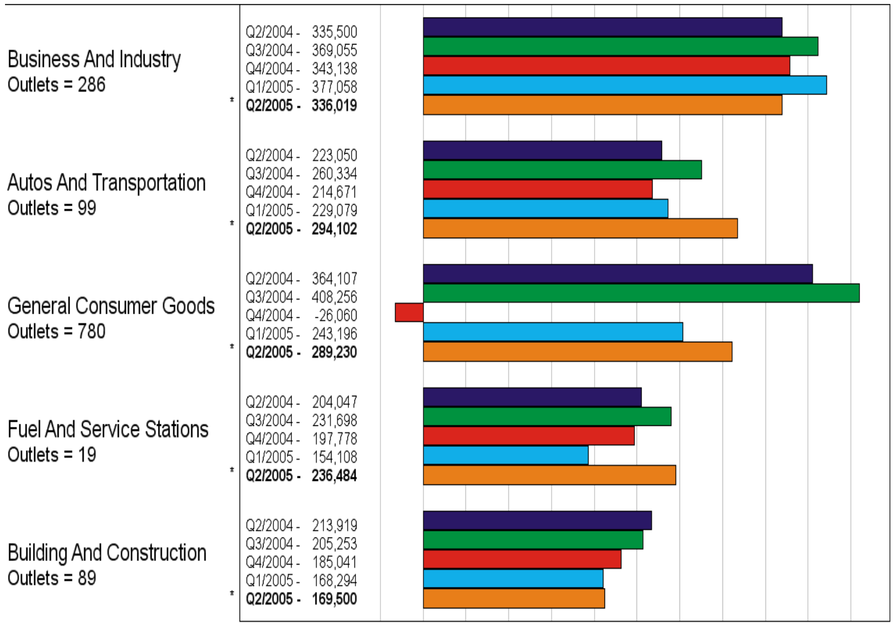
Receipts from April - June sales were just .8% higher than one year ago but payment aberrations skewed results. Adjusted for anomalies, actual sales increased 8.4%.

New business openings added to home furnishings, boats/motorcycles and sporting goods/bike stores results. The electrical equipment group benefited from an unusually large payment and other reporting aberrations. Higher prices at the pump fueled the service station increase. Onetime accounting adjustments boosted results for the three restaurant groups; actual sales fell for all.

A business closeout contributed to the office supplies/furniture decline. A payment delayed by a processing tie-up caused the contractor drop.

Before factoring out anomalies, all of Placer County gained 14.4%.

Sales Tax By Major Business Group



* Current Quarter

CALIFORNIA OVERALL

Statewide receipts from the April through June sales period jumped 9.3% over the previous year. Much of the increase was due to the state's tax amnesty program, audit remittances, rising gasoline prices and a payment aberration that distorted the gain in lumber/building materials. Real sales activity was down 2.2% when one time payments and aberrations are factored out.

The amnesty program added roughly $70,000,000 to this quarter's local allocations although the Board of Equalization estimates that 78% of those funds were "accelerated revenue" that would have been received from future years' audit activity. Approximately 20% of the remaining portion was from protective claims that may later be refunded pending adjudication of individual tax returns.

Except for the Bay Area and Central Coast, auto sales remained moderately positive. Recent legislation that lengthened the time that boats, aircraft, and RVs must remain outside the state to avoid taxation also produced gains in those categories.

Building material sales continued to boom in most regions. However, over half of the current allocation's increase was due to special reporting status granted to a major home improvement chain that temporarily reduced last year's receipts.

Back payments from state audit and amnesty activity were most prevalent in the Business & Industry group and generated significant one time increases in the Bay Area, the Sacramento Region and Southern California.

Food & Drugs remained generally flat except in areas with significant population growth. Gains in the Fuel & Service Stations group coincided with regional pricing trends.

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Top 25 Producers

Listed Alphabetically

Accu Bite Dental Supply
American Furniture Gallery
Arco Am Pm Mini Mart
Arco Am Pm Mini Mart
Camping World
Chevron U S A
Cope & Mc Phetres Marine Sales
Dan Gamel R V
Dawson Oil
Granite Motorsports
K Mart
Land Rover Rocklin Niello Porche
Meeks Building Center
Patterson Dental Supply
Peoplesoft Usa
Pottery World
Rocklin Kia
Room Source
Rwe Schott Solar
Safeway
Safeway Gasoline Sales
Sleep Train
Sunset Park Am Pm
Tri Pacific Supply
United Rentals

Top 20 Business Categories

Code	Business Type Description (Count)	AGENCY 2nd Qtr '05	AGENCY 2nd Qtr '04	AGENCY Change	COUNTY 2nd Qtr '05	COUNTY Change	HdL STATE 2nd Qtr '05	HdL STATE Change
62	Service Stations (15)	173,372	147,261	17.7%	994,109	10.4%	94,088,394	14.7%
84	Health Services (19)	120,637	94,266	28.0%	168,676	11.5%	7,092,436	4.8%
66	Boats/Motorcycles (10)	101,012	90,499	11.6%	389,086	3.3%	9,103,929	7.3%
63	Trailers/RVs (2)	--CONFIDENTIAL--			234,383	30.5%	6,869,220	18.4%
24	Restaurants No Alcohol (81)	79,193	72,476	9.3%	482,433	7.7%	51,967,689	5.3%
30	Home Furnishings (98)	78,618	33,419	135.3%	409,665	7.6%	28,015,655	3.4%
82	Contractors (62)	76,424	78,184	-2.3%	735,197	8.6%	43,957,497	11.0%
19	Specialty Stores (279)	63,742	66,381	-4.0%	479,570	5.4%	39,395,862	5.5%
96	Petroleum Prod/Equipment (2)	--CONFIDENTIAL--			533,529	224.0%	17,294,677	16.2%
50	Lumber/Building Materials (14)	59,280	93,973	-36.9%	1,023,686	42.9%	66,357,457	39.7%
34	Grocery Stores Liquor (7)	57,859	61,766	-6.3%	446,353	0.8%	31,443,264	3.1%
86	Electrical Equipment (21)	57,133	20,209	182.7%	533,825	103.4%	23,645,725	40.7%
83	Office Equipment (10)	--CONFIDENTIAL--			70,709	-22.6%	9,611,362	10.0%
60	New Motor Vehicle Dealers (2)	--CONFIDENTIAL--			3,625,303	9.9%	148,588,460	3.4%
98	Heavy Industrial (10)	41,934	42,374	-1.0%	148,118	-1.5%	15,870,170	2.2%
12	Sporting Goods/Bike Stores (36)	37,244	31,679	17.6%	258,499	15.8%	9,172,606	4.3%
33	Grocery Stores Beer/Wine (14)	33,016	31,726	4.1%	168,754	3.3%	15,182,136	7.1%
61	Automotive Supply Stores (30)	32,231	25,023	28.8%	139,200	6.4%	13,830,051	2.4%
08	Discount Dept Stores (2)	--CONFIDENTIAL--			919,002	8.6%	66,246,832	7.7%
35	Restaurants Beer And Wine (32)	29,287	23,017	27.2%	416,526	17.9%	28,424,888	6.3%
	Retail Stores (890)	1,057,037	943,530	12.0%	12,465,801	10.8%	831,570,377	7.7%
	Non-Store/Part Time Retailers (100)	6,222	6,928	-10.2%	72,313	-4.3%	6,177,239	0.1%
	Business, Service & Repairs (260)	175,169	172,581	1.5%	743,810	5.7%	86,595,052	4.1%
	All Other Outlets-Industrial (181)	310,453	289,691	7.2%	2,211,686	43.4%	185,635,413	10.4%
TOTAL ALL ACCOUNTS (1434)		1,580,979	1,578,145	0.2%	16,414,368	13.8%	1,178,917,876	7.7%
COUNTY & STATE POOL ALLOCATION		195,044	184,416	5.8%				
GROSS RECEIPTS		1,776,023	1,762,561	0.8%				

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Receipts from General Consumer Goods and restaurants were weak in the extreme north and on the Central Coast, but solid in other areas of the state. Areas around Sacramento, Southern California's Inland Empire and the San Joaquin Valley continued to outpace statewide trends.

uncertain future . . .

Rising prices for fuel and construction material plus the summer's auto discount program should boost next quarter's receipts. However, economists disagree on what will follow. Much of the debate evolves around the outcome of a housing market where property is estimated to be overvalued by 40% to 45% and half of all mortgages are adjustable rates or interest only.

UCLA's September Anderson Report predicts an end to the bubble in the next six months thereby reducing construction related employment and the substantial consumer spending being funded by equity borrowing. Others however, believe that continued demand, job growth in the service sectors and an improving trade deficit will keep the momentum going. The most recent consensus from the Western Blue Chip Economic Forecast is for a 5.1% statewide increase in retail sales through 2005 and 4.9% in 2006.

Fiscal Year To Date Revenue Comparison

	2004-05	2005-06
Point-of-Sale	1,578,145	1,580,979
County Pool	182,737	192,487
State Pool	1,679	2,557
Gross Receipts	1,762,561	1,776,023
Less Triple Flip*	0	(444,006)

*Reimbursed from county compensation fund